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February 14, 1997

VIA COURIER

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Notice of *Ex Parte* Presentation in Telephone Number Portability Proceeding
(CC Docket No. 95-116)

Dear Mr. Caton:

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206 (1996), this is to provide an original and two copies of notice of an *ex parte* presentation made today in the above-captioned proceeding regarding telephone number portability, on behalf of Springwich Cellular Limited Partnership ("SCLP"), a cellular carrier licensed to provide cellular telephone services throughout Connecticut and portions of western Massachusetts, and SNET Cellular, Inc. ("SCI"), a cellular carrier licensed to provide service throughout Rhode Island and a portion of eastern Massachusetts. The undersigned counsel for SCLP and SCI met with Mr. Donald Stockton and Mr. Steven Teplitz of the Common Carrier Bureau's Policy Division to discuss interim number portability funding as it pertains to CMRS providers, and the Petition for Reconsideration of the Commission's *First Report and Order and Further Notice of Proposed Rulemaking* filed by AirTouch Communications on August 26, 1996, which, among other things, sought Commission clarification of this issue. Copies of documents provided to the Commission participants are attached hereto for the Commission's record in this proceeding.

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Should you have any questions concerning this notice, please do not hesitate to contact the undersigned.

Very truly yours,

Jean L. Kiddoo

Jean L. Kiddoo
Jean Gibbons

Enclosures

cc: Donald K. Stockdale, Jr. (CCB)
Steven N. Teplitz (CCB)
Peter J. Tyrrell (SCLP)
Cyndy A. Berry (SCLP)

CMRS INTERIM NUMBER PORTABILITY FUNDING OBLIGATIONS
CC Docket No. 95-116

The FCC Has Recognized That Differing Treatment of Wireline and Wireless Carriers With Respect to Interim Number Portability is Justified by Differing Circumstances

- Unlike wireline local carriers, CMRS providers:

  (1) are not required to provide interim number portability;
  (2) do not benefit from interim number portability since they do not currently compete in a market where number portability significantly impacts market competitiveness; and
  (3) would not be competitively advantaged if not required to fund interim measures.

Section 251(e)(2) Requires That the Costs of Interim Number Portability Must Be Assessed On a Competitively Neutral Basis

- The cost recovery mechanism "should not give one service provider an appreciable, incremental cost advantage over another service provider when competing for a specific subscriber." *FCC Order* at ¶ 132.

  (1) CMRS carriers do not compete for the same subscribers.
  (2) Declining to impose interim number portability costs on CMRS providers would not give them any competitive advantage over wireline providers.

- The cost recovery mechanism "should not have disparate effect on the ability of competing service providers to earn normal returns on their investment."

  (1) Requiring CMRS providers to fund number portability during the interim period when they do not benefit from it would have a "disparate effect" on their ability to earn normal returns on their investment.
  (2) CMRS funding would act as a subsidiary of the costs of existing and new wireline carriers.
  (3) Requiring CMRS carriers to contribute would divert resources of new and existing CMRS carriers from implementing long-term solutions.

FCC Order Requires That Costs of Interim Implementation From "Relevant Carriers"

- The FCC Order clearly qualifies the requirement that costs must be "borne by all telecommunications providers" by directing that interim costs be imposed "among *relevant carriers* by using competitively neutral allocators." *FCC Order* at ¶ 131.

  (1) The "relevant carriers" qualification permits the apportionment of interim number portability costs on non-cost causers only where necessary to preserve competitive neutrality.
  (2) CMRS providers are not "cost causers" of interim number portability since wireless carriers do not request and do not make use of the service.
  (3) Competitive neutrality does not override the general rule that costs should not be assessed on non-cost causers where, unlike in the wireline market, number portability is not a "network function that is required for a [wireless] carrier to compete with a carrier already serving a customer." *FCC Order at* ¶ 131.
  (4) Because CMRS providers would not reap any competitive advantage if they are not required to fund interim measures, there is no basis to depart from the general cost causation rules by imposing interim number portability costs on CMRS providers.

JLK

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL
10 FRANKLIN SQUARE
NEW BRITAIN, CT 06051

DOCKET NO. 95-11-08 APPLICATION OF THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY FOR APPROVAL TO OFFER INTERCONNECTION SERVICES AND OTHER RELATED ITEMS ASSOCIATED WITH THE COMPANY'S LOCAL EXCHANGE ACCESS TARIFF

July 17, 1996

By the following Commissioners:

Jack R. Goldberg
Thomas M. Benedict
Reginald J. Smith

DECISION

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I. INTRODUCTION

A. PUBLIC ACT 94-83 - OPENING THE CONNECTICUT TELECOMMUNICATIONS MARKETS TO COMPETITION

On July 1, 1994, Public Act 94-83, "An Act Implementing The Recommendations Of The Telecommunications Task Force" (the Public Act or Act), became Connecticut law. The Act is a broad strategic response to the changes facing the telecommunications industry in Connecticut. The technological underpinnings, the framework for a more participative, and ultimately more competitive, telecommunications market, and the role of regulation envisioned by the legislature are essential to the future realization and public benefit of an "Information Superhighway" in Connecticut.

At the core of the Public Act are the principles and goals articulated therein. Section 2 (a) of the Act provides in pertinent part:

> Due to the following: affordable, high quality telecommunications services that meet the needs of individuals and businesses in the state are necessary and vital to the welfare and development of our society; the efficient provision of modern telecommunications services by multiple providers will promote economic development in the state; expanded employment opportunities for residents of the state in the provision of telecommunications services benefit the society and economy of the state; and advanced telecommunications services enhance the delivery of services by public and not-for-profit institutions, it is, therefore, the goal of the state to (1) ensure the universal availability and accessibility of high quality, affordable telecommunications services to all residents and businesses in the state, (2) promote the development of effective competition as a means of providing customers with the widest possible choice of services, (3) utilize forms of regulation commensurate with the level of competition in the relevant telecommunications service market, (4) facilitate the efficient development and deployment of an advanced telecommunications infrastructure, including open networks with maximum interoperability and interconnectivity, (5) encourage shared use of existing facilities and cooperative development of new facilities where legally possible, and technically and economically feasible, and (6) ensure that providers of telecommunications services in the state provide high quality customer service and high quality technical service.

Conn. Gen. Stat. § 16-247a (a).

The central premise of the legislation is that broader participation in the Connecticut telecommunications market will be more beneficial to the public than will broader regulation. It is significant, however, that the Act recognized that services historically offered by a single provider would not become subject to effective

competition simply by passage of legislation removing statutory barriers to competition. The Act thus entrusted the Department of Public Utility Control (Department) with the responsibility of defining a path to a competitive telecommunications market and managing the transition to competition.

B. THE DEPARTMENT'S IMPLEMENTATION OF PUBLIC ACT 94-83

The Department began its formal implementation of Public Act 94-83 on July 1, 1994. The Department's implementation of the Act has involved four phases: the initial conceptual infrastructure phase, the competition phase, the alternative regulation phase and the holding company affiliate phase.

The Conceptual Infrastructure Phase consisted of Docket No. 94-07-01, The Vision For Connecticut's Telecommunications Infrastructure, in which a Decision was issued on November 1, 1994. The Department initiated that docket in recognition of the fact that effective and efficient implementation of Public Act 94-83 required at the outset an investigation of the state's telecommunications infrastructure which is the foundation for the provision of all telecommunications services. In its Decision, therefore, the Department identified the attributes that will be required of any future infrastructure to achieve the Act's goals, articulated intended Department initiatives to facilitate the development of a future infrastructure that exhibits those identified attributes and identified issues to be more fully explored in subsequent implementation dockets.

To begin the Competition Phase, in July of 1994, the Department initiated eight highly focused, limited discovery dockets to address specific issues raised by the legislature's commitment to broader market participation in Connecticut: Docket No. 94-07-02, Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the 8 Criteria Set Forth in Section 6 of Public Act 94-83; Docket No. 94-07-03, DPUC Review of Procedures Regarding the Certification of Telecommunications Companies and of Procedures Regarding Requests by Certified Telecommunications Companies to Expand Authority Granted in Certificates of Public Convenience and Necessity; Docket No. 94-07-04, DPUC Investigation into the Competitive Provision of Local Exchange Service in Connecticut; Docket No. 94-07-05, DPUC Investigation into the Competitive Provision of Customer Owned Coin Operated Telephone Service in Connecticut; Docket No. 94-07-06, DPUC Investigation into the Competitive Provision of Alternative Operator Service in Connecticut; Docket No. 94-07-07, DPUC Investigation of Local Service Options, Including Basic Telecommunications Service Policy Issues and the Definition and Components of Basic Telecommunications Service; Docket No. 94-07-08, DPUC Exploration of Universal Service Policy Issues; and Docket No. 94-07-09, DPUC Exploration of the Lifeline Program Policy Issues. Those proceedings have been completed and Final Decisions issued.

Also integral to the achievement of effective competition as prescribed by Public Act 94-83 are dockets addressing the mandate of Conn. Gen. Stat. Section 16-247b to unbundle "the noncompetitive and emerging competitive functions of a telecommunications company's local telecommunications network that are used to

provide telecommunications services and which . . . are reasonably capable of being tariffed and offered as separate services." Docket No. 94-10-02, DPUC Investigation into the Unbundling of The Southern New England Telephone Company's Local Telecommunications Network (Final Decision issued January 17, 1996)[1]; Docket No. 94-11-03, DPUC Investigation into the Unbundling of the New York Telephone Company's Local Telecommunications Network; and Docket No. 94-11-06, DPUC Investigation into the Unbundling of the Woodbury Telephone Company's Local Telecommunications Network (the latter two dockets are currently in development stages).

The instant docket arose in consequence of the Department's Decision in Docket No. 94-10-02 regarding the unbundling of the Southern New England Telephone Company's (SNET's) local telecommunications network as well as in response to other implementation dockets wherein the Department issued Decisions concerning resale of the SNET local network. (The relevant Decisions are detailed in Section III, below.) Specifically, the instant docket was opened upon a filing by SNET seeking approval to offer the following services associated with SNET's Unbundling, Wholesale and Interconnection Tariff: trunk interconnection, E-911 system interconnection, Service Provider Local Number Portability (SPLNP), charges for NXX administration and directory customer guide service.[2] As described in more detail below, in the instant docket, the Department must determine the appropriate rates SNET will charge Certified Local Exchange Carriers (CLECs) for these services.[3]

The Competition Phase also entails an investigation of selective participative architecture issues that will affect the achievement of competition as discussed by the Department in Docket No. 94-07-01. The Department issued a Draft Decision in that docket, Docket No. 94-10-04, DPUC Investigation into Participative Architecture Issues, on July 11, 1996.

Relevant to both the Competition Phase, and the Alternative Regulation Phase, which have been conducted concurrently, the Department initiated individual investigations of each of the state's incumbent telephone companies' (local exchange carriers (LECs)) costs of providing telecommunications services for the purpose of constructing a financial and procedural framework for use by the Department in

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[1] At the participants' request, the Department separated from Docket No. 94-10-02 the issue of mutual compensation between SNET and wireless carriers. That issue was considered in Docket No. 95-04-04, DPUC Investigation into Wireless Mutual Compensation Plans, in which a Final Decision was issued on September 22, 1995.

[2] On February 5, 1996, SNET amended its application by submitting a revised SNET Exhibit VJW-2 with additional detailed cost information, Attachments 1 through 23.

[3] Previous to the filing that is the subject of the instant proceeding, SNET filed a request to offer unbundled loops, ports and a wholesale local basic service offering. The Department considered that request in Docket No. 95-06-17, Application of the Southern New England Telephone Company for Approval to Offer Unbundled Loops, Ports and Associated Interconnection Arrangements. In the December 20, 1995 Decision in Docket No. 95-06-17, the Department determined that the cost studies submitted by SNET were faulty, and established interim rates for the proposed services, pending the filing of revised cost studies by SNET. On April 29, 1996, SNET filed its revised cost studies with the Department.

evaluating the telephone companies' future unbundling and pricing initiatives such as the tariff filing in the instant proceeding. Docket No. 94-10-01, DPUC Investigation into The Southern New England Telephone Company's Cost of Providing Service (Final Decision issued on June 15, 1995); Docket No. 94-11-02, DPUC Investigation into the New York Telephone Company's Cost of Providing Service; and Docket No. 94-11-05, DPUC Investigation into the Woodbury Telephone Company's Cost of Providing Service (the latter two dockets are currently in development stages).

With similar intent, the Department initiated individual companion dockets to review each local exchange carrier's depreciation policies and practices: Docket No. 94-10-03, DPUC Investigation into The Southern New England Telephone Company's Intrastate Depreciation Rates (Final Decision issued on November 21, 1995); Docket No. 94-11-04, DPUC Investigation into The New York Telephone Company's Intrastate Depreciation Rates; and Docket No. 94-11-07, DPUC Investigation into The Woodbury Telephone Company's Intrastate Depreciation Rates (the latter two dockets are currently in development stages). The detailed financial reviews are essential to full and fair examination of the impact upon competition of any alternative regulatory framework or treatment of the local exchange carrier community by the Department. On March 13, 1996, the Department approved SNET's request for alternative regulation in Docket No. 95-03-01, Application of The Southern New England Telephone Company for Financial Review and Proposed Framework for Alternative Regulation.

Finally, the Department has initiated Docket No. 94-10-05, DPUC Investigation of The Southern New England Telephone Company Affiliate Matters Associated with the Implementation of Public Act 94-83. In that proceeding, the Department will examine the financial, structural and operational impact of broader competition and increased discretionary authority. Active investigation of holding company structure and affiliate relationship will begin in August of this year.

Public Act 94-83 challenged historical methods and principles of regulation that had previously guided Department actions. Earlier statutory authority sought to maximize public benefit by authorizing only a single telecommunications service provider for any given market. The Department, therefore, was able to direct its attention solely at regulating the conduct of a single dominant corporation against a desired public standard of affordable and available telephone service. Under provisions of Public Act 94-83, the Department faced an unprecedented task of managing the introduction of broader participation into the heretofore single-provider market without unduly risking the availability, accessibility and affordability of basic telecommunications services to all prospective Connecticut users.

Over the past two years, during the conduct of the above detailed dockets, the Department has endeavored to ensure that: (1) all telecommunications providers, new entrants as well as incumbent telephone companies, are able to fairly compete in the Connecticut telecommunications market; and (2) the interests of the Connecticut public are protected. The efforts of the Connecticut legislature and the Department have resulted in the certification of ten companies to provide local telecommunications services in Connecticut in direct competition with the incumbent telephone companies;

five other applications are pending. Each certified local exchange carrier (CLEC) has committed to serving all customers in its service area(s), i.e., all residents and businesses that request service, within three years of the CLEC's certification.

C. THE TELECOMMUNICATIONS ACT OF 1996

More than a year and a half after Connecticut opened its telecommunications markets to competition, the United States Congress passed legislation in the form of the Telecommunications Act of 1996 (1996 Telcom Act), designed to overhaul US telecommunications policy and to remove the statutory and court-ordered barriers to competition among segments of the telecommunications industry. Review of the legislation's provisions indicates that the policies and positions expressed to date in the Department's implementation proceedings are generally in accord with that legislation. However, one discrepancy between federal and Department policy is in the pricing of wholesale local basic service. See Decision, Docket No. 96-03-19, Petition of the Southern New England Telephone Company for Suspension of Section 251(c)(4) of the Telecommunications Act of 1996, May 17, 1996.

II. PARTIES AND INTERVENORS

The Department recognized as parties in this proceeding: the Southern New England Telephone Company (SNET), 227 Church Street, New Haven, Connecticut 06510; the Office of Consumer Counsel (OCC), 10 Franklin Square, New Britain, Connecticut 06051; MCI Telecommunications Corporation, (MCI) One International Drive, Rye Brook, NY 10573-1095; New England Cable Television Association (NECTA), 100 Grandview Road, Suite 201, Braintree, MA 02184; MFS Intelenet, Inc. (MFSI), 6 Century Drive, Suite 300, Parsippany, NJ 07054; and Cablevision Lightpath, Inc., (Cablevision), 111 New South Road, Hicksville, New York 11801. Separately, Zipcall Long Distance, Inc. was designated as an intervenor to this proceeding.

III. DOCKET SCOPE AND PROCEDURE

A. PROCEDURAL CONTEXT

As detailed above, Public Act 94-83 articulates as a goal of the state the "efficient development and deployment of an advanced telecommunications infrastructure, including open networks with maximum interoperability and interconnectivity" and further encourages the "shared use of existing facilities and cooperative development of new facilities where legally possible, and technically and economically feasible." Conn. Gen. Stat. § 16-247a (a). In Docket No. 94-07-01, the Department observed that "the telecommunications infrastructure will play a dominant role in the success or failure of the development of effective competition in Connecticut's telecommunications markets and will thus greatly determine the public benefit to be derived from Public Act 94-83." Decision, Docket No. 94-07-01, November 1, 1995, p. 33. For that reason the Department stated its commitment in future Public

Act 94-83 implementation proceedings to "facilitate the development of independent networks, physically interconnected, functionally integrated and technically interpositioned with those of [the incumbent telephone companies]." Id., p. 29. Further provisions of Public Act 94-83 and subsequent directives of this Department in its implementation proceedings require SNET to provide prospective competitors reasonable nondiscriminatory access to all equipment, facilities and services necessary to provide telecommunications services to customers at rates approved by the Department. Conn. Gen. Stat. § 16-247b (b). To that end, the Department established procedural and operational guidelines in Docket No. 94-10-02 to facilitate physical interconnection of switching, transmission and distribution systems of incumbent telephone companies, interexchange carriers and prospective local services market entrants.

In the course of these initiatives, the Department concluded that the development of effective competition in Connecticut's telecommunications markets will, in part, necessitate making available the network of the incumbent local exchange carriers (LECs) to prospective competitors for repackaging and resale. For purposes of this proceeding, the term "resale" will be used generically to refer to the act of a CLEC purchasing or leasing services and/or unbundled network elements from an incumbent LEC for the purpose of repackaging, rebranding or reselling such services or elements to prospective customers in direct competition with the LEC. The Department has stated in previous Decisions that "resale is consistent with the Act's encouragement of shared use of existing facilities and its mandates for unbundling." Decision, Docket No. 94-07-01, November 1, 1994, p. 29. Moreover, the Department has found that "[l]ocal service competition will be facilitated by the removal of any and all restrictions on the resale of telephone company local service offerings by authorized service providers in Connecticut." Decision, Docket No. 94-07-04, March 16, 1995, p. 20. As the Department emphasized: "Full resale authority of telephone company local service offerings would serve to meet the immediate needs of prospective entrants for physical plant without capital investment as well as ensure that existing plant infrastructure is not left immediately stranded by the entrance of competitive alternatives." Id. Accordingly, the Department pronounced that "resale tariff offerings for noncompetitive and emerging competitive residential and business offerings shall be required by the Department of the telephone companies" as one element of its efforts to realize greater public benefit under the statutory umbrella of Public Act 94-83 than had been possible under previous law. Id.

In Docket No. 94-07-03, the Department continued its efforts to refine its resale policy and reaffirm its views of the relative importance of suitable resale offerings to the development of effective competition in Connecticut. In its Decision in that docket, the Department set forth a requirement that "any applicant receiving authority to operate as a telecommunications services provider in Connecticut will be obligated to serve any and all consumers seeking service from the provider in its authorized area(s) of operation." Decision, Docket No. 94-07-03, March 15, 1995, p. 26. The Department stated that "[s]uch a requirement can be satisfied with owned facilities, resold facilities or a mix of both." Id. The Department returned to the subject of competition and resale again in Docket No. 94-07-07 requiring "each provider of local service to provide basic

telecommunications services (either employing its own network or as a resale offering) within the geographic area for which the local service provider is certified." Decision, Docket No. 94-07-07, February 28, 1995, p. 18. In that same Docket, the Department imposed a corresponding requirement on LECs to make available their networks to prospective providers in acknowledgment "that this requirement may only be fulfilled if telephone companies offer the defined functions of basic service on a tariffed wholesale basis for resale." Id., pp. 18-19.

From this set of Decisions, it is evident that the Department's efforts to introduce resale to the Connecticut market are characterized by progressively greater definition and detail. It is in the context of the specific requirements imposed upon SNET by previous Department Decisions and provisions of Public Act 94-83 that on November 8, 1995, SNET filed an application (November 8, 1995 Application) with the Department for approval to offer unbundled service elements and associated interconnection arrangements for use by competitors in Connecticut. (A description of those proposed services is provided in Section V. D., below.) SNET's filing was made pursuant to Connecticut General Statutes (Conn. Gen. Stat.) § 16-247(b)[4] and § 16-1-59A of the Regulations of Connecticut State Agencies.[5] On February 5, 1996, SNET separately submitted to the Department revised exhibits and additional cost information. The Department subsequently suspended the proposed effective date of the tariffs in accordance with § 16-1-59A of the Regulations of Connecticut State Agencies to permit full and fair examination of SNET's proposal prior to any Department action.

Pursuant to a Notice for Written Comments, interested persons were given the opportunity to file written comments with the Department regarding SNET's November 8, 1995 filing[6].

By Notice of Hearing dated February 21, 1996 and Amended Notice of Rescheduled Hearing dated March 12, 1996, a public hearing was conducted on March 27, 1996 and April 3, 1996 in the offices of the Department, located at that time at One Central Park Plaza, New Britain, Connecticut, 06051. That hearing was continued to April 9, 1996, at which time it was closed.

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[4] Conn. Gen. Stat. § 16-247b (a) provides: "On petition or its own motion, the department shall initiate a proceeding to unbundle the noncompetitive and emerging competitive functions of a telecommunications company's local telecommunications network that are used to provide telecommunications services and which the department determines, after notice and hearing, are reasonably capable of being tariffed and offered as separate services. Such unbundled functions shall be offered under tariff at rates, terms and conditions that do not unreasonably discriminate among actual and potential users and actual and potential providers of such local network services." SNET's filing details the proposed rates, terms and conditions of its tariff.

[5] Section 16-1-59A of the Regulations of Connecticut State Agencies governs tariff filings for noncompetitive telecommunications services.

[6] Written comments were received from AT&T Communications of New England, Inc. (AT&T), Cablevision Lightpath, Inc. (Lightpath); MCI Telecommunications Corporation (MCI); MFS Intelenet of Connecticut, Inc. (MFSI); and Teleport Communications Group (TCG).

The Department issued a draft Decision in this docket on June 18, 1996. Pursuant to Notice, all parties and intervenors were provided opportunity to file written exceptions and to present oral arguments on the draft Decision.

B. CONCEPTUAL FRAMEWORK

This proceeding constitutes an essential investigation by this Department of a series of tariff filings critical to efficiently transform the principles embodied in Public Act 94-83 into a cohesive regulatory framework. The Department undertakes this investigation with the objective of ensuring the availability and affordability of services, features and network elements of SNET's local telecommunications infrastructure considered needed, necessary and/or useful by prospective providers to the provision of certain telecommunications services in competition with SNET. As the legislature mandated in Public Act 94-83, the goal of the Department's efforts is to ensure that the Connecticut public has greater choice of telecommunications products, prices and providers.

In this proceeding, SNET presents proposed rates and charges for trunk interconnection, E-911 system interconnection, SPLNP, charges for NXX administration and directory customer guide service. Other participants in this proceeding universally challenge SNET's claim that its proposed rates and charges are fair and reasonable, and have asked the Department to reduce those rates and charges in order to foster the development of competition in the telecommunications markets. This proceeding has involved extensive submissions by participants and exhaustive review by the Department in an effort to ensure fair and equitable treatment of the issues of unbundling and resale. It is uncontroverted that this Decision will affect the transformation of Connecticut into the multi-provider market envisioned by the legislature with passage of Public Act 94-83. As the Department noted in its Final Decision in Docket No. 94-07-01, The Vision for Connecticut's Telecommunications Infrastructure, the experience of the interexchange carrier services market segments suggests the existence of a strong causal relationship between the price charged by telephone companies for services considered by would-be competitors to be essential to the emergence of broader participation in the provision of telecommunications services. Decision, November 1, 1994, p. 14.

As will be evidenced throughout the summaries of the participants' positions in the following section, three issues must be addressed in this Decision: costs, contribution and competitive consequence. None of the three issues is a new topic of interest to the Department. To the contrary, they have each been examined extensively in prior regulatory proceedings and the Department has developed certain positions that provide a partial foundation for the Department's efforts in this proceeding. A brief narrative of the history of the Department's Decisions on the relevant issues is thus necessary.

The subject of costs was examined in great detail in Docket No. 88-03-31, Department of Public Utility Control Investigation into the Costs of Providing Intrastate Telecommunications Services by the Southern New England Telephone Company,

where the Department ordered SNET to construct its future cost representations to the Department using Long Run Incremental Cost (LRIC) and Fully Distributed Cost (FDC) techniques. The two methodologies each measure costs associated with any particular service, albeit distinctly different types of costs depending upon the methodology employed. LRIC methods are generally considered a prospective methodology because they measure the level of incremental cost to be incurred in consequence of producing an additional unit of any service. Thus, LRIC methodologies provide the user a means to determine the additional cost incurred by a provider to meet any future demand for a service. In contrast, FDC methods tend to exhibit retrospective attributes, distributing the total costs incurred by a company in providing a service over the total units of production or demand to develop an average unit cost.

In Docket No. 94-10-01, DPUC Investigation into The Southern New England Telephone Company's Cost of Providing Service, the Department expressed its preference, in light of Public Act 94-83, for the Total Service Long Run Incremental Cost (TSLRIC) methodology over both LRIC and FDC methodologies whenever possible in the belief that TSLRIC better demonstrates the relative impact of technological progress and competitive proficiency on current financial commitments of the sponsor. The TSLRIC methodology represents a modification of the LRIC approach by utilizing total demand for a service as the base for calculating the incremental cost of addition, replacement or enhancement to the service. This produces a forward-looking cost similar to the LRIC methodology, but reduces some of the economic distortions that might otherwise emerge using a narrower base of analysis.

TSLRIC analysis, however, does not capture some costs incurred by the provider in the conduct of making available a particular service, which costs are otherwise reflected in FDC methodologies and for which the provider is entitled to be compensated. These costs are generally referred to as common costs or shared costs and are not sufficiently distinguishable to be incorporated into a TSLRIC study. In FDC studies, such costs would be included at the aggregate cost level and apportioned over each unit of service. Thus, recovery of those costs would be the shared responsibility of users of the associated service.

The Department has previously concluded that telephone companies are rightfully entitled to recover prudent common costs in the course of designing rates for their services. Given the fact that TSLRIC methodologies make no provision for the incorporation of such costs into their analysis framework, the raw cost thresholds generated by TSLRIC do not represent a fair and reasonable price for the service without some adjustment. The Department has recognized that fact and has thus endorsed the principle of contribution as a means to satisfy some of those common or shared costs incurred in the provision of the respective service. See Decision, Docket No. 94-10-01, June 15, 1995, p. 27. Contribution as defined by this Department represents nothing more than a monetary increment above the TSLRIC cost reflected in the margin for any given service. The amount of contribution approved through any given tariff should theoretically be sufficient to reduce the pool of unrecovered costs associated with the service over some period of time. Contribution, therefore, provides

a pool of funds to the provider that will offset in part, if not in total, common costs not captured in the TSLRIC.

In summary, in Docket No. 94-10-01 the Department reaffirmed many of the cost principles adopted in earlier proceedings as the continued policy of the Department under Public Act 94-83, and, where appropriate, refined policies to recognize the changes introduced by the Public Act. The following lists those principles that guide the Department's instant investigation and Decision:

- costs submitted to the Department for consideration must be real (or reasonable estimates) and must specifically relate to the services in question (Decision, Docket No. 92-09-19, July 7, 1993, p.139; Decision, Docket No. 89-12-05, June 28, 1991, pp. 9 and 10; Docket, Docket No. 88-03-31, August 8, 1990, p. 15)

- cost methodologies must employ principles of cost causation that are consistent with prior Department Decisions and practices (Decision, Docket No. 94-10-01, pg. 26)

- cost methodologies must be forward looking (Decision, Docket No. 88-03-31, August 8, 1990, III.A.1)

- cost methodologies must distinguish among costs incurred on behalf of monopoly, emerging competitive and competitive services (Id.)

- cost methodologies must provide an accurate means of measuring incremental cost for services (Decision, Docket No. 89-12-05, June 28, 1991, V.4)

- cost methodologies must recognize the effect of broader market participation on the goals of establishing equitable and reasonable rates (Id., IV.4)

- cost methodologies must provide consideration to both Fully Distributed Costs (FDC) and Long-Run Incremental Costs (LRIC) (Id.)

- cost methodologies must promote economic efficiency (i.e., should maximize the utilization of existing resources) (Decision, Docket No. 88-03-31, August 8, 1990, III.B)

- cost methodologies must preclude any remaining monopoly services from being allocated costs otherwise properly attributable to competitive services (Id.)

- cost methodologies must allow the burden of common costs, such as general overhead, to be shared fairly by all users (Id.)

- cost methodologies must not pose an undue administrative and financial burden on the company required to perform it (Id.)

- cost submissions provided by the participants to the Department are only guides to the establishment of cost thresholds (Decision, Docket No. 94-10-01, June 15, 1995, pg. 27)

- Total Service Long Run Incremental Cost (TSLRIC) is a cost methodology that is consistent with Departmental principles introduced in Docket No. 88-03-31, Docket No. 89-12-05, Docket No. 91-10-06 and Docket No. 92-09-19 and warrant use in future submissions of costs (Decision, Docket No. 94-10-01, June 15, 1995, pg. 27 and 28)

- For purposes of establishing price, it is essential to provide some level of contribution above incremental cost to recover all investment costs and associated expenses for a particular service (Decision, Docket No. 94-10-01, June 15, 1995, pg. 28)

The collective product of the Department's past effort has been the construction of a conceptual framework for this proceeding that requires a determination of the lowest possible cost threshold using TSLRIC as the basis for any such calculation, acceptance of the principle that some contribution above that cost threshold will be necessary to cover costs not captured by the TSLRIC methodology and recognition that the price set in this proceeding will impact upon the development of future competition.

IV. PARTICIPANTS' POSITIONS

The following sections provide first a detailed summary of SNET's proposals and its justifications and second, a summary of the views of the other docket participants regarding those proposals. Such discussion, although lengthy, is necessary to provide the context for the Department's discussion in this Decision.

A. THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY (SNET)

On November 8, 1995, SNET requested the Department's approval to offer network interconnection arrangements and co-carrier Unbundling and Wholesale Tariffs to Certified Local Exchange Carrier (CLEC) facilities as non-competitive services. Specifically, SNET's proposed offering included a description of the technical specifications and associated rates for common trunk interconnection arrangements; the electronic interface with the E-911 database; SPLNP, which allows an end-user to retain his or her telephone number when the local service provider is changed; the charges associated with NXX administration; and a provision which allows CLECs to include information in the Customer Service Guide pages of SNET's regularly published directories.

1. Interconnection Arrangements

By the Decision in Docket No. 94-10-02, SNET was directed to negotiate physical interconnection and mutual compensation arrangements with CLECs both

within the confines of the CLEC Working Group and individually. SNET contends that arrangements among CLECs may differ and as negotiations are completed and formalized, they will be filed with the Department. SNET states that the November 8, 1995 filing provides a description of the technical specifications and the rates of the components that will be incorporated into many of the negotiated arrangements. In particular, these technical specifications include: the technical specifications for a one-way interconnection option for Plain Old Telephone Service (POTS) trunking arrangements and the call types that can be handled on this type of trunk group; Emergency Service Central Office; E-911 trunk interconnection, including diversity and E-911 port; transit traffic; and SS7 interconnection arrangements. SNET also states that the proposed tariff provides only the most common arrangements and components of interconnection. According to SNET, other arrangements, such as a physical meet-point or two-way trunking, were not proposed at this time because there are too many variations to be included in a generalized tariff. SNET cites as an example, two-way trunking arrangements because they could contain variables such as which carrier provides the transport between the switches, how the cost of the transport would be allocated to each carrier, the compensation arrangement for each of the types of traffic carried on the trunk group, and the percentage usage between each of the carriers that would vary by carrier. SNET notes, however, that pursuant to the Decision in Docket No. 94-10-02, any agreement reached in this area involving other arrangements and components of interconnection between SNET and a CLEC would be submitted to the Department in tariff form and offered on the same basis to any similarly situated CLEC. Wimer November 8, 1995 Testimony, pp. 3 and 4.

SNET contends that its proposed rates are consistent with prior Department Decisions and Section 252(d)(1) of the 1996 Telcom Act.[7] Specifically, SNET's proposed rates for its services are based on TSLRIC plus a contribution to the Company's joint and common costs. SNET states that because some of the proposed services are available to CLECs from other sources, its proposed rates include a variable level of contribution, with those services that are more essential to CLECs having a lower level of contribution and the more competitive services, a greater contribution. Regarding the pricing of services pursuant to the 1996 Telcom Act, SNET contends that there is nothing in Section 252(d)(1) of the 1996 Telcom Act which obligates SNET to do anything beyond that which the Department has already ordered.

Additionally, SNET contends that its cost studies are in compliance with the Department's requirements for cost of service studies. SNET states that its revised cost studies filed on February 5, 1996 are consistent with the Department's Orders in Docket No. 95-06-17, Application of the Southern New England Telephone Company for Approval to Offer Unbundled Loops, Ports and Associated Interconnection Services, and directives. In particular, SNET asserts that its revised cost studies consist of

[7] Section 252(d)(1) of the 1996 Telcom Act states that "[d]eterminations by a State commission of the just and reasonable rate for interconnection of facilities and equipment for purposes of subsection (c) of section 251, and the just and reasonable rate for network elements for purposes of subsection (c)(3) of such section-- (A)shall be-- (i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and (ii) nondiscriminatory, and (B) may include a reasonable profit."

detailed cost information, including all of the underlying assumptions and data inputs used by SNET in obtaining the study results and delineates the services' TSLRIC from the proposed level of contribution. SNET also asserts that the investment costs included in the study were updated to reflect the prescribed depreciation lives set out in the Department's Decision in Docket No. 94-10-03. SNET disputes MFSI's claim that SNET's cost studies are unauditable because the Company refused to provide the Bellcore SCIS study inputs. SNET argues that the question of the Parties' accessibility to the Bellcore inputs was raised several times before the Department. See for example, Tr. 4/9/96, pp. 397-407. While the Department did not permit access to all portions of the unredacted Bellcore inputs to all of the parties, all parties who signed the appropriate protective order were granted access to the redacted version of the SCIS inputs. SNET asserts that MFSI overlooks the fact that the unredacted Bellcore inputs were provided to both the Department and the OCC in an in-camera review, and that there is no evidence in the record that supports the parties' concerns over the sufficiency of the Company's cost studies. SNET concludes that the Department should find that the Company's cost studies are consistent with the Department's Orders in Docket No. 95-06-17.

SNET claims that its proposed interconnection rates are based on the services' incremental costs with a contribution to overhead and is consistent with the Department's Decision in Docket No. 94-10-02. SNET disagrees with the competitive parties' position that the 1996 Telcom Act requires interconnection and network elements be priced solely at TSLRIC without any further recovery of profit. Tr. 3/27/96, pp. 210 and 211. SNET also argues that the return on investment included in TSLRIC calculations does not equate to profit as that term is defined under Generally Accepted Accounting Principles. Further, SNET states that to accept the definition that "cost" means TSLRIC ignores the term reasonable profit. SNET maintains if Congress had contemplated cost to mean strictly TSLRIC, it would have stopped at pricing interconnection and network elements at cost without an allowance for profit. In SNET's opinion, Section 252(d)(1) of the 1996 Telcom Act grants States the discretion to add a recovery for profit to the costs of interconnection and network elements. SNET asserts that the Department has already provided that it may price its interconnection and network elements at their TSLRIC plus a reasonable contribution to common costs, which is consistent with the 1996 Telcom Act's directives.

Relative to the rate structure for the interconnection elements, SNET's proposal includes a non-recurring rate plus a flat monthly recurring rate for transport that varies by geographic zone. Additionally, the flat monthly transport rate includes both fixed and mileage based components. SNET maintains that this rate structure is consistent with the rates for switched access interconnection because, in many cases, similar types of traffic will be transported on these same trunk groups. SNET cites as an example, trunk groups which may carry both intrastate and interstate toll traffic purchased under its State Access Tariff. SNET states that these purchased trunk groups may also carry intrastate toll, 800, and local traffic. SNET argues that since both types of physical interconnection may carry intrastate toll and 800 traffic, there should be no difference in the rate charged. Wimer November 8, 1995 Testimony, pp. 6-8; SNET Brief, pp. 8-14; SNET Reply Brief, pp. 2-5.

2. E-911

SNET's E-911 proposal provides the methodology by which a facilities-based CLEC may electronically interface with the E-911 database. SNET contends that the facilities-based CLEC will have access to its customer records in the E-911 database and will be able to electronically update the data by adding new customers or making customer changes. SNET states that the Master Street Address Guide (MSAG) which provides valid E-911 addresses, will also be available to the CLEC through this same interface providing the CLECs access to the same information as is available to SNET. Wimer November 8, 1995 Testimony, p. 4.

SNET's proposed E-911 rate structure includes a non-recurring charge, a fixed monthly rate and a per record update charge. SNET claims that the non-recurring charge is a one time charge per CLEC for establishing the CLEC's access to the E-911 database and programming the security protections into the E-911 database. According to SNET, the monthly rate recovers the cost of data transport to the E-911 database and billing, while the per record charge recovers the cost incurred in processing each CLEC end-user update to the E-911 database. SNET also proposes a separate rate for the download of the MSAG. SNET contends that all of the rate levels are based on recovery of costs of the system that are directly attributable to the CLEC activity.

SNET also contends that its proposed E-911 charges will not cover all of its costs of providing E-911. According to SNET, in addition to costs directly attributable to CLEC activity, it incurs approximately $3.0 million annually to maintain the E-911 system. SNET states that these include costs to provide the E-911 tandem switching, transport to the Public Service Answering Point (PSAP), deliver the database information back to the PSAP, maintain the database and manage the E-911 municipal and state activities which impact the system. SNET proposes to exclude these costs from the E-911 rates proposed in this proceeding because the cost to provide E-911 services have traditionally been included in SNET's rate base. SNET states that although this is not a competitively neutral funding arrangement, a legislative task force is currently studying the funding of E-911 operational and future capital expenditures.[8] Wimer November 8, 1995 Testimony, pp. 8 and 9.

3. Service Provider Local Number Portability (SPLNP)

SNET describes SPLNP as a service that allows an end-user to retain its current telephone number when the local service provider is changed. SNET states that this

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[8] Public Act 95-318, An Act Concerning Legislative Task Forces and State Agency Studies, established a fourteen member task force to study: (1) whether an outside source should fund all or part of the operational and capital costs for the enhanced E-911 service and, if so, recommend a source, and; (2) the establishment of additional regional public safety emergency telecommunications centers. The task force recommended the cost of E-911 services be managed through an assessment on telephone company access lines including access provided by wireless technologies such as cellular. SNET Response to Interrogatory TE-1.

service is intended to give the end-user control over its telephone number as long as its location remains within the same geographic area served by the SNET NXX. SNET also states that although a CLEC will order SPLNP on behalf of an end-user, the end-user will have control over the telephone number's use. When SPLNP is used, all terminating calls to the end-user will be routed to the SNET end office switch where the end-user's existing NXX resides, and then forwarded to the new service provider's switch and NXX for termination to the new service provider's end-user. SNET proposes that the SPLNP rate structure consist of a non-recurring charge and a fixed monthly rate. Total service long run incremental costs were developed for local number portability, based on a three-year forecast of the expected demand. SNET contends that these charges will cover the costs for the programming of the number portability service, the switch capacity utilized in providing the service, and the transport of the forwarded portion of the call.

Relative to the payment of access charges and SPLNP calls, SNET proposes to flow through the revenue to the CLEC that has ordered the SPLNP service for the end office switching and Carrier Common Line (CCL) access charges. SNET also proposes to initially pay the CLEC an amount based on the average terminating access usage, until such time as measurement and billing capabilities are available. Under SNET's proposal, it will only flow through those access revenues that compensate CLECs for actual work performed. SNET states that when a toll call is forwarded, the only functions performed by the CLEC are end office switching and delivery over the local loop. For the access elements associated with these functions, SNET will pass to the CLECs the end office and CCL rate elements. SNET asserts that since the CLEC has no tandem switching cost to complete the calls or residual costs (since their networks are new), the CLECs are not entitled to recover the Residual Interconnection Charge (RIC). According to SNET, recovery of the RIC would unfairly grant CLECs access to a revenue stream unrelated to any costs they incur in the provision of SPLNP, in effect instituting a subsidy for the CLECs. Wimer November 8, 1995 Testimony, pp. 5 and 10; SNET Brief, pp. 18 and 19.

Regarding cost recovery for SPLNP, SNET claims that its proposed cost recovery methodology conforms to the requirements of the Department's Decision in Docket No. 94-10-02. SNET states that by the Decision in Docket No. 94-10-02, the Department established cost methodologies to be used by SNET to recover its costs in providing interim SPLNP and NXX administration. In accordance with that Decision, SNET's proposed SPLNP tariffs include a flat monthly rate of $4.50 per path and $2.50 for each additional path ported. SNET claims that these charges are premised on the principle that the cost causer should pay, and are to be charged only to those carriers, including SNET, requesting the SPLNP option. SNET states that it has included transport costs in the development of its SPLNP rate because its cost for transporting the SPLNP calls includes the additional tandem switching and transport from a SNET end office where the forwarded call resides in the CLEC switch. SNET states that its proposed SPLNP rates and cost recovery methodology are in accord with the Department's Decision in Docket No. 94-10-02 and disagrees with the other parties' contention that its proposed rates are excessive. Accordingly, SNET questions the

reliance on local number portability (LNP) rates imposed in other jurisdictions because it is irrelevant in determining the costs to SNET of providing SPLNP.

Lastly, SNET argues that there is no conflict between its proposed cost recovery methodology for its SPLNP service and the cost recovery methodology provided in Section 251(e)(2) of the 1996 Telcom Act. According to SNET, Section 251(e)(2)[9] of the 1996 Telcom Act prescribes a methodology to recover costs in providing a long term number portability solution, and does not preclude use by SNET of its proposed cost sharing mechanism. SNET argues that since it is questionable whether any interim number portability solution could meet the definition provided in the 1996 Telcom Act, the cost recovery provision refers to long term number portability solutions. SNET contends that the 1996 Telcom Act's distinction between interim and long term number portability, and the cost recovery methodologies available, is identical to that adopted by the Department in its January 17, 1996 Decision in Docket No. 94-10-02. Referencing that Decision, SNET claims that an interim and a long term solution to number portability have been differentiated by the Department. SNET also claims that similar to the 1996 Telcom Act, the Department believes that a long term solution would likely benefit all service providers and consumers; and therefore, all carriers should be responsible for the costs. However, according to SNET, this does not apply to an interim solution. SNET concludes that since there is no inconsistency between the 1996 Act and the Decision in Docket 94-10-02, the Department's previous pronouncement on this issue should stand. SNET Brief, pp. 14-22; SNET Reply Brief, pp. 5-10.

4. NXX Administration Service

NXX administration involves the provision of the functions required by the Industry Carriers' Compatibility Forum to insure the proper use and assignment of the public resource of telephone numbers. According to SNET, these functions include assignment and recovery of NXX codes, communication of the assignment of an NXX to the nation, planning for Numbering Plan Area (NPA) exhaust, and insuring compliance with industry standards. SNET indicates that it currently performs these functions and states that it will continue to do so until a third party administrator is appointed. Wimer November 8, 1995 Testimony, pp. 5 and 6.

SNET proposes to charge $1,287 for NXX administration by setting a flat one time rate per new NXX assigned to a CLEC. SNET states that it will calculate the rate by forecasting the costs for administration and dividing it by the forecasted number of NXXs expected to be assigned in a year to all NXX users. At the end of the year, there would be a true-up to balance the actual costs with the actual number of NXXs assigned. Adjustments in payments or reimbursements then would be made based on the true-up calculation. SNET claims that this rate setting methodology is consistent with the Decision in Docket No. 94-10-02 because: (1) the CLECs causing the

[9] Section 251(e)(2) of the 1996 Telcom Act states that "(t)he cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."

administration costs are paying for them; (2) programming costs are not included in the costs for administration; and (3) CLECs are only paying their proportionate share of the costs. Wimer November 8, 1995 Testimony, pp. 10 and 11.

SNET asserts that its NXX cost administration recovery methodology fulfills the competitively neutral requirement of the Department's Decision in Docket No. 94-10-02. SNET states that as required in the Decision in Docket No. 94-10-02, until such time as the NXX administration is transferred to an appointed agent of the Department, SNET would be required to proportion its administrative costs to all service providers in a market, including itself or any SNET affiliate unit engaged in providing equivalent services, based on the new numbers assigned.

SNET argues that the 1996 Telcom Act's provisions relating to NXX administration do not nullify the Department's prior endorsement of SNET's NXX cost recovery methodology. According to SNET, Section 251(e)(2) of the 1996 Telcom Act provides in part that the costs of telecommunications numbering administration arrangements will be borne by all telecommunications carriers on a competitively neutral basis as determined by the FCC. In SNET's opinion, the Department has already determined in Docket No. 94-10-02 the proper competitively neutral NXX cost recovery mechanism.

SNET maintains that the NXX cost recovery procedures established by the Department in Docket No. 94-10-02 is competitively neutral because all carriers, including SNET, are required to share in the costs incurred in assigning new NXXs. SNET states that the costs it proposes to recover are the same costs that a third party administrator, when appointed, would incur in performing its duties as NXX administrator. Consequently, SNET believes that no competitive advantage is created by charging CLECs for NXX costs, and therefore, its proposal, is consistent with the 1996 Telcom Act. SNET Brief, pp. 22-24; SNET Reply Brief, pp. 11-14.

5. Customer Service Guide

SNET proposes that consistent with the January 17, 1996 Decision in Docket No. 94-10-02, CLECs will be permitted to include information in the Customer Service Guide (CSG) pages of SNET's regularly published directories under the same terms and conditions as provided to SNET. Under SNET's proposal, CLECs will have the ability to purchase up to four pages in the Customer Services Guide Section of the directory to provide information concerning its local exchange services. SNET states that the first directory publication available for CLEC inclusion was Bridgeport, with a closing date for CLEC information of March 15, 1996, and an effective date of August 16, 1996. SNET proposes to charge CLECs on a per page basis at the same charges that SNET will impute to itself. Wimer November 8, 1995 Testimony, pp. 6, 11.

SNET argues that its proposed CSG rates are consistent with the competitive environment and its directories are not the bottlenecks that the parties have asserted. SNET maintains that its directories will provide CLECs with an advertising venue and are not a telecommunications service. SNET suggests that newspaper, radio,

television, and telemarketing are all methods available to CLECs to distribute information about their services. Consequently, SNET has proposed CSG rates that are competitive in comparison with other forms of advertising.

SNET disagrees with AT&T's claim that its proposed rates are inconsistent with the Department's directives in the Decision in Docket No. 94-10-02 requiring that CLECs be provided access to the Company's directories on the same terms and conditions as SNET. SNET contends that AT&T misconstrues the record because AT&T's argument is premised on the claim that the Company intends to impute the charges for directory listings. SNET notes that once it selects the proper billing mechanism, SNET and its affiliates would be charged the same rates as the CLECs. In SNET's opinion, AT&T's concerns have been taken into consideration. Tr. 4/3/96, pp. 292 and 293; Late Filed Exhibit No. 9. Accordingly, SNET concludes that its proposed rates for customer guide pages are reasonable and should be approved. SNET Reply Brief, pp. 14 and 15.

B. OFFICE OF CONSUMER COUNSEL (OCC)

OCC states that SNET's proposed filing reveals that the Company is using its position as a monopoly supplier of essential inputs to extract excessive rates from the CLECs and their customers. As discussed in greater detail below, OCC objects to SNET's filing because in OCC's view it contains excessive levels of contribution and fails to include a specific offering for two-way trunking or physical meet-point interconnection. OCC recommends that the Department accept SNET's proposed tariff, but only after modifying the proposed rates to levels conducive to a competitive marketplace. OCC contends that by modifying the rates in this manner, the Department will avoid any delay in bringing local competition to consumers, will prevent SNET from extracting monopoly rents from CLECs for essential interconnection services and will permit the Company to more than recover the legitimate costs for providing these services. OCC also recommends that the Department order SNET to immediately file a tariff provision that provides two-way trunking and physical meet-point interconnection. OCC Brief, pp. 3 and 4.

1. Two-Way Trunking and Physical Meet-Point Interconnection

OCC maintains that SNET's proposed trunking provision violates the Department's directives issued in the January 17, 1996 Decision in Docket No. 94-10-02 directing SNET to tariff two-way and physical meet-point interconnection. OCC states that SNET's tariff proposal ignores that Decision by failing to include two-way trunking or meet-point interconnection. OCC objects to SNET's refusal to accept its obligation to tariff two-way trunking and physical meet-point interconnection and recommends that the Department not permit SNET to select only those elements that it unilaterally decides are appropriate. OCC urges the Department to order SNET to tariff two-way and physical meet-point interconnection in order to promote effective and efficient competition. OCC Brief, pp. 21-24.

2. SPLNP